

Message Text

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C O N F I D E N T I A L DACCA 5641

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TAGS: EAID, ECON, EINV, SPOP, BG, US

SUBJ: DISCUSSION OF BILATERAL ISSUES WITH PRESIDENT A.M. SAYEM

1. DURING MY MEETING WITH PRESIDENT SAYEM TODAY, PART OF WHICH IS REPORTED IN SEPTEL, I RAISED BILATERAL MATTERS DETAILED BELOW. I EXPLAINED TO THE PRESIDENT THAT I WAS HESITANT TO GET INTO THESE BILATERAL MATTERS IN MY FIRST MEETING WITH HIM WHEN HE HAD SO MANY URGENT PREOCCUPATIONS BUT THAT I WAS DOING SO BOTH BECAUSE THE MATTERS WERE OF CONSIDERABLE IMPORTANCE TO US AND BECAUSE I WOULD HAVE NO OTHER OPPORTUNITY TO DO SO FOR THE NEXT TWO MONTHS IN VIEW OF MY CONSULTATION AND HOME LEAVE BEGINNING TOMORROW. I SAID I WOULD NOT GO INTO DETAIL ON THESE ISSUES BUT WOULD LEAVE A BACKGROUND PAPER WITH HIS PRINCIPAL SECRETARY, MR. CHASHI, ON THE NATIONALIZED ASSETS QUESTION.

2. COMPENSATION FOR NATIONALIZED INDUSTRIES. I TOLD THE PRESIDENT THAT FOR TWO YEARS WE HAD BEEN PURSUING THIS MATTER AS VIGOROUSLY AS WE COULD WITH A NUMBER OF MINISTERS FROM FORMER GOVERNMENTS AND INDEED WITH PRESIDENTS MUJIB AND MOSHTAQUE AHMED. WE HAD ALWAYS BEEN ASSURED THAT THE QUESTION WAS NEAR RESOLUTION BUT THE FINAL STEPS HAD NEVER BEEN TAKEN TO COMPENSATE THE AMERICAN COMPANIES WHOSE ASSETS HAD BEEN NATIONALIZED. I SAID THAT ALTHOUGH THE DOLLAR AMOUNT OF THE COMPENSATION WAS RELATIVELY SMALL, THE IMPORTANCE OF A SETTLEMENT BULKED MUCH LARGER FOR US. FOR ONE THING, WE CONSIDERED IT AN ESSENTIAL PREREQUISITE FOR

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ESTABLISHING THE RIGHT CLIMATE IN BANGLADESH THAT WOULD

ATTRACT AMERICAN BUSINESS AND INVESTMENT, AND HE SHOULD ALSO BE AWARE OF THE LAW ON OUR BOOKS ABOUT SUSPENDING AID TO COUNTRIES WHICH HAD NOT PROVIDED SUCH COMPENSATION WITHIN A REASONABLE LENGTH OF TIME. I SAID I HOPED THE PRESIDENT COULD LOOK INTO THIS AS SOON AS POSSIBLE WITH A VIEW TO REACHING A FINAL DECISION. HE SAID HE WOULD TAKE NOTE OF THE MATTER AND TOLD HIS AIDES THAT THIS QUESTION SHOULD BE GIVEN THE HIGHEST PRIORITY.

3. REDUCTION ON FOODGRAIN RATION SUBSIDIES. I TOLD THE PRESIDENT THAT WE HAD BEEN PLEASED TO SEE THE ECONOMIC REFORM MEASURES WHICH THE GOVERNMENT HAD TAKEN IN RECENT MONTHS IN ACCORD WITH RECOMMENDATIONS MADE BY THE IMF. THERE REMAINED, HOWEVER, THE MATTER OF REDUCING THE FOODGRAIN RATION SUBSIDIES AND WE HAD BEEN LED BEFORE THE RECENT EVENTS TO BELIEVE THAT THIS ACTION WOULD BE TAKEN BEFORE THE END OF THE YEAR. I WANTED TO MAKE CLEAR, I SAID, THAT WE ASSOCIATED OURSELVES WITH THE DESIRABILITY OF THIS ACTION AND THAT WE HOPED IT WOULD BE POSSIBLE TO GO FORWARD WITH IT AS PLANNED. CHASHI MADE THE RESPONSE FOR THE PRESIDENT, INDICATING THAT A POLICY DECISION HAD BEEN MADE IN THE PAST TO TAKE THIS ACTION BUT THAT THE ONLY QUESTION NOW AS ONE OF TIMING. HE SAID TO THE PRESIDENT THAT THEY WOULD BE PRESENTING A PAPER TO HIM ON THIS SUBJECT WITHIN THE NEXT WEEK OR SO.

4. NEED FOR MORE VIGOROUS ACTION IN FAMILY PLANNING. I SAID I WAS SURE THE PRESIDENT WOULD UNDERSTAND THE INTEREST THAT BANGLADESH'S FRIENDS TOOK IN THE SUCCESS OF THEIR FAMILY PLANNING PROGRAM, A PROGRAM WHICH WAS INDISPENSABLE TO THE SOLUTION OF BANGLADESH'S DEVELOPMENT PROBLEMS. WHILE I KNOW HE PROBABLY HAD NOT HAD TIME TO GET INTO THIS AREA OF HIS RESPONSIBILITIES, I FELT I MUST TELL HIM OF OUR OWN CONCERN ABOUT WHAT WE SAW AS THE LACK OF ENERGY AND LEADERSHIP IN THIS AREA. I SAID THAT THE PEOPLE WORKING ON POLULATION CONTROL IN OUR OWN MISSION WERE DEEPLY DISCOURAGED BY THE SLOW PROGRESS AND BY THE LACK OF A COHERENT, VIGOROUS APPROACH TO THE PROBLEM. I SAID I HAD SUGGESTED TO PRESIDENT MOSHTAQUE AHMED A SHORT TIME AGO AND WOULD NOW SUGGEST TO HIM THAT A STRONG SIGNAL FROM THE PRESIDENT TO THOSE WORKING

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IN THIS AREA OF THE GOVERNMENT APPEARED TO BE ESSENTIAL. THE PRESIDENT SAID THAT WE MUST UNDERSTAND WHAT SENSITIVE RELIGIOUS ISSUE THIS IF FOR THE PEOPLE OF BANGLADESH, REQUIRING THE GOVERNMENT TO GO SLOW. I SAID WE DID APPRECIATE THIS BUT EVEN AFTER MAKING ALLOWANCE FOR IT, WE FELT THAT A MUCH STRONGER LEAD NEEDED TO BE TAKEN. HE SAID HE WOULD BE GLAD TO LOOK INTO THE PROBLEM. (AS WE LEFT THE ROOM, CHASHI TOLD ME THAT THEY WOULD

CALL THE NATIONAL POPULATION COUNCIL SOON AS A WAY OF
BRINGING THE PRESIDENT TO GRIPS WITH THIS PROBLEM.)
BOSTER

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